IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO.391 OF 2007

Ganesh Benzoplast Ltd .. Petitioner

Mr. Simil Purohit i/b Little & Co for Petitioner

CORAM : DR.D.Y.CHANDRACHUD, J

DATED : 15th June, 2007

P.C.

1. The petitioner has sought the approval of the Court to a reduction of share capital in terms of the following minutes:

> " The capital of Ganesh Benzoplast limited is henceforth Rs.2,92,84,294/- divided into 2,92,84,294 shares of Re.1 One) each reduced from Rs.29,28,42,940/- divided into 29,28,42,940 shares of Rs.10/- each. At the date of registration of the minutes 2,92,84,294 shares numbered 1 to 2,92,84,294 etc. have been issued and are deemed to be fully paid and the remaining 96,61,300 shares are unissued. "

2. In para 7 it has been averred that as a result of adverse business conditions, the petitioner had an accumulated loss of Rs.379.40 crores as reflected in the Profit and Loss Account and Balance Sheet as on 31st March, 2006. The fully paid up equity share capital as on 31st March, 2006 was Rs.29,28,42,940/- comprising of 2,92,84,294 equity shares each of Rs.10/-. The issued capital is Rs.3,03,38,700/- each and it has been stated

before the Court by counsel that shares worth Rs.10,54,406/- have been forfeited.

3. In paragraph 8 of the petition it has been averred that a special resolution was passed on 12th February, 2007 under section 189 of the Companies Act, 1956 at the general meeting by which " (a) an amount of Rs.188,09,50,397 standing in the Share Premium Account of the Petitioner as at April 1, 2006 be utilized for adjustment of the equivalent amount out of the balance standing to the debit of Profit and Loss Account which represents brought forward losses as recorded in the books of the Petitioner as on 1st April 2006 and (b) on the Record/Book Closure date as may be fixed by the Board of Directors of the Petitioner, the paid up Equity Share Capital of the Petitioner be reduced by cancellation of Rs.9/- per equity share of Rs.10/- each fully paid up resulting in reduction in the issued, subscribed and paid up equity share capital of the Petitioner from Rs.29,28,42,940 consisting of 2,92,84,294 equity shares of Rs.10 each to Rs.2,92,84,294 consisting of 2,92,84,294 equity shares of Re.1 each fully paid up by adjusting the amount of reduction in the paid up share capital amounting to Rs,.26,35,58,646/- against the debit balance in the profit & loss acocunt as on 1st April 2006 with a provision that such reduction shall mutatis mutandis be also applicable on forfeited shares.

4. Learned counsel appearing on behalf of the Regional Director has stated before the Court that all the statutory requirements under law have been fulfilled and there is no objection to the proposed reduction being granted.

5. The Company Petition is accordingly made absolute in terms of prayer clauses (a) and (b).

(Dr.D.Y.Chandrachud, J)